Amendments to the Claims:

This listing of claims will replace all prior versions, and listings of claims in the application:

Listing of Claims:

Claim 1. (Previously Presented) A system for providing distributed control to process purchase transactions, comprising:

a point of service device having a plurality of rules and a plurality of meta-rules; and

a portable device having a plurality of rules and a plurality of meta-rules;

wherein the portable device and the point of service device use their plurality of rules and plurality of meta-rules to determine an outcome for a purchase transaction; and

wherein if the portable device and the point of service device are unable to determine the outcome for the purchase transaction, the point of service device uses its plurality of meta-rules to either determine whether one or more of the plurality of rules in either the portable device or the point of service device can be altered locally in order to determine the outcome or request a service provider system to help determine the outcome using the plurality of rules and the plurality of meta-rules in the service provider system,

wherein the plurality of meta-rules in the point of service device includes a meta-rule for replacing at least one rule in the plurality of rules in the point of service device with another rule,

wherein the outcome is a reward,

wherein the point of service device and the portable device are configured to mutually authenticate each other prior to information exchange.

Claim 2. (Previously Presented) The system of claim 1 further comprising:

a network gateway having a plurality of rules and a plurality of meta-rules;

wherein if the portable device and the point of service device are unable to determine the outcome, the point of service device uses its plurality of meta-rules to either determine whether one or more of the plurality of rules in either the portable device or the point of service device can be altered locally in order to determine the outcome or request the network gateway to help determine the outcome using the plurality of rules and the plurality of meta-rules in the network gateway.

Claim 3. (Previously Presented) The system of claim 2 wherein if the network gateway is unable to determine the outcome using its plurality of rules, the network gateway uses its plurality of meta-rules to either determine whether one or more of its plurality of rules can be altered locally in order to determine the outcome or request the service provider system to help determine the outcome using the plurality of rules and the plurality of meta-rules in the service provider system.

Claim 4. (Previously Presented) The system of claim 1 wherein the point of service device uses historical purchase transaction information to update the plurality of rules and the plurality of meta-rules in the portable device in order to render processing of purchase transactions more efficient.

Claim 5. (Previously Presented) The system of claim 1 wherein the service provider system uses historical purchase transaction information to update the plurality of rules and the plurality of meta-rules in the portable device and the point of service device in order to render processing of purchase transactions more efficient.

Claim 6. (Canceled).

Claim 7. (Original) The system of claim 1 wherein the system is implemented using software, hardware or a combination of both.

Claim 8. (Previously Presented) The system of claim 1 wherein the portable device includes at least one of a smart card, a memory stick, a dongle, a personal digital assistant, a cellular phone and a pager.

Claim 9. (Previously Presented) The system of claim 1 wherein the point of service device includes at least one of a personal computer, a point of sale device, a kiosk, an automatic teller machine and a cellular phone.

Claims 10.-61. (Canceled).

Claim 62. (Previously Presented) The system of claim 1
wherein the outcome is determined using a price computation process.

Claim 63. (Canceled).

Claim 64. (Previously Presented) The system of claim 1 wherein the portable device and the point of service device are configured to conduct the purchase transaction using a contactless mode of operation.

Claim 65. (Previously Presented) The system of claim 64 wherein the point of service device is a vending machine.

Claims 66.-67. (Canceled).

Claim 68. (Currently Amended) A system for providing distributed control to process purchase transactions, comprising:

a point of service device having a plurality of rules and a plurality of meta-rules; and

a portable device having a plurality of rules and a plurality of meta-rules;

wherein the portable device and the point of service device use their plurality of rules and plurality of meta-rules to determine an outcome for a purchase transaction; and

wherein if the portable device and the point of service device are unable to determine the outcome for the purchase transaction, the point of service device uses its plurality of meta-rules to either determine whether one or more of the plurality of rules in either the portable device or the point of service device can be altered locally in order to determine the outcome or request a service provider system to help determine the outcome using the plurality of rules and the plurality of meta-rules in the service provider system, wherein the plurality of rules includes at least one price computation rule, and

wherein the point of service device is further configured to determine information including the time, temperature, weather, or geographical location,

wherein the point of service device and the portable device are configured to mutually authenticate each other prior to information exchange,

wherein the at least one price computation rule uses service provider and data logs to determine the outcome of the transaction.

Claim 69. (Canceled).

Claim 70. (Previously Presented) The system of claim 1 wherein the point of service device is a phone.

Claim 71. (Canceled).

Claim 72. (Previously Presented) The system of claim 1 wherein the point of service device is further configured to determine geographical location.

Claims 73.-75. (Canceled)

Claim 76. (Currently Amended) A method for providing distributed control to process purchase transactions, comprising:

conducting a purchase transaction between a portable device having a plurality of rules and a plurality of meta-rules and a point of service device having a plurality of rules and a plurality of meta-rules,

wherein the portable device and the point of service device use their plurality of rules and plurality of meta-rules to determine an outcome for the purchase transaction; and

wherein if the portable device and the point of service device are unable to determine the outcome for the purchase transaction, the point of service device uses its plurality of meta-rules to either determine whether one or more of the plurality of rules in either the portable device or the point of service device can be altered locally in order to determine the outcome or request a network gateway or a service provider system to help determine the outcome using the plurality of rules and the plurality of meta-rules in the network gateway or the service provider system, and wherein the method further comprises:

requesting, by the point of service device, the network gateway or the service provider system to help determine the outcome using the plurality of rules and the plurality of meta-rules in the network gateway or the service provider system, and wherein the method further comprises mutually authenticating the portable device and the point of service device,

wherein one or more of the rules in the portable device and the point of service device represent a consumer behavior model,

wherein the point of service device is a vending machine,

wherein the vending machine uses inventory control and pricing methods to maximize the number of sales between service visits.

Claim 77. (Currently Amended) The method of claim 76 wherein the outcome is a reward.

Claim 78. (Previously Presented) The method of claim 76 wherein the outcome is determined using a price computation process.

Claim 79. (Canceled).

Claim 80. (Previously Presented) The method of claim 76 wherein the point of service device is further configured to determine information including the time, temperature, weather, or geographical location.

Claim 81. (Previously Presented) The method of claim 76 wherein the point of service device is a phone.

Claim 82. (Canceled).

Claim 83. (Previously Presented) The method of claim 76 further comprising:

altering one or more of the plurality of rules in either the portable device or the point of service device after the point of service device is unable to determine the outcome.

Claim 84.-86 (Canceled)

Claim 87. (Previously Presented) The system of claim 68 wherein the at least one price computation rule uses value setting data to determine the outcome of the transaction.

Claim 88. (Previously Presented) The system of claim 68 wherein the point of sale device is configured to acquire time of day and temperature data during the transaction.

Claim 89. (Previously Presented) The method of claim 76 wherein the point of sale device is configured to acquire time of day and temperature data during the transaction.

Claim 90. (Previously Presented) The method of claim 76 further comprising providing an offer to a user of the portable device.

Claim 91.-94. (Canceled)

Claim 95. (Previously Presented) The method of claim [[94]]76 wherein the information includes a transaction number.

Claim 96. (Previously Presented) The method of claim 95 wherein the information further includes a transaction cryptogram.

Claim 97. (Previously Presented) The method of claim 76 wherein the point of service device comprises a service log.

Claim 98. (New) A system for providing distributed control to process purchase transactions, comprising:

a point of service device having a plurality of rules and a plurality of meta-rules; and

a portable device having a plurality of rules and a plurality of meta-rules;

wherein the portable device and the point of service device use their plurality of rules and plurality of meta-rules to determine an outcome for a purchase transaction; and

wherein if the portable device and the point of service device are unable to determine the outcome for the purchase transaction, the point of service device uses its plurality of meta-rules to either determine whether one or more of the plurality of rules in either the portable device or the point of service device can be altered locally in order to determine the outcome or request a service provider system to help determine the outcome using the plurality of rules and the plurality of meta-rules in the service provider system, wherein the plurality of rules includes at least one price computation rule, and

wherein the point of service device is further configured to determine information including the time, temperature, weather, or geographical location, wherein the point of service device and the portable device are configured to mutually authenticate each other prior to information exchange, and

wherein the at least one price computation rule uses desired system performance to determine the outcome of the transaction.